

INFORMATIONAL MEETING  
BEFORE THE  
CALIFORNIA ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

In the Matter of: )  
 )  
Application for Certification ) Docket No.  
of the Gilroy City LM 6000 ) 01-EP-8  
Phase 1 Project by Calpine )  
Corporation )  
\_\_\_\_\_ )

SENIOR CENTER  
7371 HANNA STREET  
GILROY, CALIFORNIA

THURSDAY, MAY 10, 2001

7:05 p.m.

Reported by:  
James Ramos  
Contract No. 170-99-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMITTEE MEMBERS PRESENT

Robert A. Laurie, Commissioner, Presiding Member

Karl S. Engeman, Hearing Officer

STAFF PRESENT

Bob Eller

Roger Johnson

PUBLIC ADVISER

Kim Garrett

APPLICANT

Jeffery D. Harris, Attorney,

Brian McDonald

Bryan J. Bertacchi

Daniel H. Wood

Gary Rubenstein

ALSO PRESENT

Dick Wocasek  
Bay Area Air Quality Management District

Issa Ajlouny

Tom Springer

Robert Beams

Terry Feinberg

Justin Bradley

Bill Lindsteadt

ALSO PRESENT

John Redding

Jeff Micko

Tony Sudol

William J. Garbett

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## I N D E X

	Page
Proceedings	1
Opening Remarks	1
Introductions	3
Public Adviser	4
Presentations	8
Applicant	8
CEC Staff	49
Bay Area Air Quality Management District	54
Public Comment	22
Mr. Ajlouny	22
Mayor Springer	35
Mr. Beams	46
Mr. Feinberg	56
Mr. Bradley	57
Mr. Lindsteadt	61
Mr. Redding	63
Mr. Micko	66
Councilman Sudol	67
Mr. Garbett	69
Procedure, Schedule	74
Closing Remarks	76
Adjournment	76
Reporter's Certificate	77

## P R O C E E D I N G S

7:05 p.m.

1  
2  
3           PRESIDING MEMBER LAURIE: My name is  
4 Robert Laurie. I'm a Commissioner at the  
5 California Energy Commission. And we are here  
6 tonight as an informational, to provide an  
7 informational meeting regarding the Calpine Gilroy  
8 City LM 6000 Phase 1 Project.

9           To my left is Mr. Karl Engeman who is  
10 the Hearing Officer assigned to this case. Karl  
11 is an attorney who is an Administrative Law Judge  
12 and it will be his responsibility to assist in the  
13 preparation of a proposed decision.

14           A proposed decision will be tendered to  
15 the full Commission, that is all five Members of  
16 the California Energy Commission. And a public  
17 hearing on such for purposes of adoption is set  
18 for June 21, I believe -- May 21, sorry.

19           So, what we're going to do tonight is we  
20 are going to hear from the applicant regarding  
21 their proposal. We will hear from Energy  
22 Commission Staff. And we will be asking the  
23 applicant to introduce themselves and staff to  
24 introduce themselves.

25           But we're also very interested in

1 hearing from the public. There are a couple  
2 members of the public that do have some time  
3 constraints, and so I'm going to ask the applicant  
4 to give me an approximate time, if you can, for  
5 the length of your presentation.

6 MR. HARRIS: Thank you, Commissioner.  
7 Probably about 15 minutes.

8 PRESIDING MEMBER LAURIE: What a great  
9 sound system. This is very good. Thank you.

10 Okay, and then before we hear from  
11 staff, we will take some public input; we'll hear  
12 from staff; and then utilize the remainder of the  
13 evening for additional public comment.

14 Now, normally at these public hearings  
15 it's not a question-and-answer kind of deal. It's  
16 a comment kind of situation. But tonight is a  
17 little bit different. It's an informational  
18 meeting. It's really the first time that the  
19 community has had an opportunity to hear about the  
20 project.

21 So, to the extent feasible, we will  
22 solicit your questions and determine who has the  
23 best answers for you.

24 This meeting is being recorded. And so  
25 we'll ask you to speak up and identify yourselves

1 to make sure that we have a full and complete  
2 record.

3 Is there any question from any member of  
4 the audience as to the reason why we're all here  
5 tonight, and the process we're going to be  
6 following tonight?

7 If not, let me ask first for  
8 introductions. Mr. Harris, if you could introduce  
9 yourself and your team. And then, Mr. Eller, I'll  
10 ask you to do the same. Mr. Harris.

11 MR. HARRIS: Thank you, Commissioner.  
12 To my right is Mr. Brian McDonald, who is the  
13 Project Manager for this project. And to his  
14 right is Bryan Bertacchi, who is the Western  
15 Region Operations Vice President for Calpine.

16 PRESIDING MEMBER LAURIE: Mr. Eller.

17 MR. ELLER: Good evening, Commissioner.  
18 Bob Eller for Commission Staff. I'm Project  
19 Manager. Also with me this evening is Roger  
20 Johnson; he's Siting Office Manager.

21 PRESIDING MEMBER LAURIE: Thank you.  
22 Also present is a representative of the Office of  
23 the Public Adviser. Under Energy Commission law,  
24 we have a mandate to encourage public  
25 participation. And we also have an Officer, in

1 fact, appointed by the Governor for that purpose.

2 We have a representative of the Public  
3 Adviser's Office. Kim, if you can introduce  
4 yourself, and I think you wanted to offer a  
5 comment at this time?

6 MS. GARRETT: Thank you. Good evening,  
7 I'm Kim Garrett, and today I represent Roberta  
8 Mendonca, the Public Adviser for the California  
9 Energy Commission. I am part of a special team  
10 assembled to assist in the siting of emergency  
11 power plants required to address California's  
12 energy crisis.

13 The role of the Public Adviser is to  
14 assist the public in understanding the Energy  
15 Commission's siting process, and assist members of  
16 the public who want to participate in the process.

17 Our office is in Sacramento. You may  
18 reach us by telephone, toll free, at 1-877-602-  
19 4747 or by email at [pao@energy.state.ca.us](mailto:pao@energy.state.ca.us).

20 You, as members of the public, have an  
21 absolute right to participate and comment on this  
22 proposed power project. The Energy Commission  
23 encourages public participation and welcomes all  
24 types of community input.

25 These opinions and comments will form an

1 important source of information as the Energy  
2 Commission Staff performs their independent  
3 analysis of this proposal.

4 Because the Calpine Power Project case  
5 is expedited, the second public meeting, termed  
6 the adoption hearing, will be held in Sacramento  
7 on Monday, May 21, 2001.

8 To make sure that your public comments  
9 are considered, you will need to respond to what  
10 you've heard and learn quickly. In other words,  
11 your comments today are very important.

12 If you want more information on how to  
13 participate in this siting case, or if you have  
14 questions about this siting case process, please  
15 give our office a call. There are business cards  
16 located by the sign-in sheets.

17 The Gilroy City branch of your public  
18 library also has an application on file. Project  
19 information is also available at the Energy  
20 Commission's website. That address is quote long:  
21 [www.energy.ca.gov/sitingcases/peaker/gilroy](http://www.energy.ca.gov/sitingcases/peaker/gilroy).

22 The fastest way to get future public  
23 mailings about this project is to enter your email  
24 address at the Energy Commission's list saver  
25 located at the site.

1                   One last topic, the role of the blue  
2                   cards. The Public Adviser helps members of the  
3                   public who want to make comments this evening.  
4                   The Public Adviser also helps the Commissioners  
5                   and the Hearing Officer with the details of  
6                   running a good public meeting by circulating these  
7                   blue cards.

8                   Members of the public who want to make  
9                   comments during the meeting should fill out a  
10                  card. The blue cards are used to determine the  
11                  amount of public comment and the time needed to  
12                  accommodate the comment.

13                  In conclusion, the Public Adviser looks  
14                  forward to working closely with you on the Calpine  
15                  Gilroy City Power Project.

16                  PRESIDING MEMBER LAURIE: Thank you very  
17                  much. The procedure that the Energy Commission is  
18                  following in this application and other similar  
19                  applications is really extraordinary for the  
20                  Commission.

21                  This application had been filed six  
22                  months ago. If this application were to be filed  
23                  six months hence we would not be dealing with a  
24                  30-day process, or a 20-day process. We'd be  
25                  dealing with, at a minimum, a six-month process.

1                   But, in fact, an energy emergency exists  
2                   in California, as so declared by the Governor.  
3                   This project is before us using this particular  
4                   process only because there is a stated assurance  
5                   that this power will be brought on line in a  
6                   timely manner, sufficient to help with the crisis  
7                   with the stated emergency that we are presently  
8                   in.

9                   I do not have any sense as to how long  
10                  the state of emergency will be declared for,  
11                  however the rules for these kinds of plants are  
12                  pretty clear. That, but for assurances that this  
13                  power will be brought on line by September of  
14                  2001, then we'd be following a much different  
15                  procedure.

16                  Any questions, again, as to the process  
17                  we're going to be following tonight?

18                  Mr. Harris, question. Has there been  
19                  any community or informational meetings called by  
20                  the applicant on this project before this date?

21                  MR. HARRIS: I'd like, actually, Mr.  
22                  McDonald to answer that. There has been some  
23                  public process, though.

24                  MR. McDONALD: Last week we had a  
25                  workshop with the City Council and Mayor Springer

1 was in attendance, along with all the City Council  
2 Members. And we explained the process, the  
3 project and the timing.

4 PRESIDING MEMBER LAURIE: You do have  
5 other members of your staff present with you  
6 tonight, and are they available to respond to  
7 questions?

8 MR. McDONALD: Yes, we have a cadre of  
9 experts, transmission, water, emissions, yeah,  
10 we're ready for that.

11 PRESIDING MEMBER LAURIE: Thank you.  
12 The way we will proceed is the applicants will be  
13 making a presentation. I'm not going to call for  
14 questions of any of the applicant representatives  
15 at the time they offer their comments.

16 But if you have questions later and we  
17 can identify particular members of applicant's  
18 team that's in a position to respond, they'll  
19 respond at that time.

20 Mr. Harris, are you ready to proceed  
21 with your presentation at this time, or Mr.  
22 McDonald?

23 MR. McDONALD: Mr. Commissioner and  
24 Staff, welcome to Gilroy. Thank you for letting  
25 me present our proposed project in Gilroy, the

1           Gilroy Energy Center.

2                       My name is Brian McDonald with Calpine.  
3           I'm the Project Manager for Gilroy Project and the  
4           peaker program for Calpine in the Western Region.

5                       What I'd like to do with this  
6           presentation is go over a little bit about who  
7           Calpine is, and why we're here. And then get into  
8           the specifics about what the project includes,  
9           some of the specifications and features of the  
10          plant.

11                      First of all, Calpine is a California-  
12          based company. We've been in San Jose at our  
13          headquarters since 1988. And we presently have  
14          30,000 megawatts of generation in operation,  
15          construction and/or development nationwide.

16                      We use clean proven technologies based  
17          on natural gas, and we are the world's largest  
18          independent power producer in the geothermal  
19          energy market.

20                      Calpine's currently operating a plant in  
21          Gilroy at the Gilroy Foods property. The plant's  
22          been in operation since 1988.

23                      Just a little background about Calpine  
24          and our commitment to California I think a lot of  
25          you are aware of already. We presently have a \$4

1 billion investment in California being employed.  
2 And with that investment comes 9000 megawatts of  
3 generation by the year 2005. And it's long-needed  
4 generation.

5 We were also the first company to enter  
6 long-term contracts when the energy crisis here  
7 hit early in the year. We met with the California  
8 Department of Water Resources and negotiated  
9 specifically this contract that we're here, part  
10 of it to provide power to Gilroy.

11 The contracts that we have with the DWR  
12 are for 20 years. They're long-term contracts to  
13 provide energy to the state.

14 And with the commitment to California  
15 just so people have a perspective, there is a  
16 service demand of 3.2 percent per year of growth,  
17 so that the generation is needed to keep up with  
18 that. And in California it's about 2000 megawatts  
19 a year needs to be added to the state, just in  
20 general terms.

21 Now, a little bit about the crisis that  
22 we're in. As many of you are aware, even just the  
23 last few days we've been in rolling blackouts.  
24 And everybody's bills, PG&E bills have been going  
25 up exponentially. And the gas that we burn in

1       these plants has gone up almost exponentially, as  
2       well. So things are a little skewed right now in  
3       the marketplace.

4                       There's an extended shortage of  
5       electricity anticipated, and to put some more  
6       numbers in perspective: 80 percent of the Bay  
7       Area generation is 20 years old. Some of the Moss  
8       Landing plants, the older PG&E plants, the fossil  
9       fuel burning facilities that have been in the Bay  
10      Area for a long time, those are aging plants, and  
11      they are inefficient and definitely higher  
12      emitters on the emission side than the new  
13      technology that Calpine is deploying across the  
14      nation.

15                      The Bay Area presently imports over 50  
16      percent of its power. As an example, the Metcalf  
17      station that's in San Jose right now, they're  
18      importing 90 percent of their energy into that  
19      substation. And the Cal-ISO likes to see that  
20      around 40 percent. So this project will help get  
21      that balance back into the right ratio.

22                      And as a result of all this, higher  
23      costs, lower energy, a lot of businesses in  
24      California are saying that this might not be such  
25      a desirable place to operate. So Calpine's here

1 to try to bring that power here and keep the  
2 businesses here in California.

3 Our peaker program, as Commissioner  
4 Laurie pointed out, was basically initiated by  
5 Governor Gray Davis in February with several  
6 executive orders to try to bring the power back in  
7 as soon as possible.

8 And our program, the peaker program, is  
9 that exact -- fills that exact need. It's  
10 immediate, effective solutions for the shortages.  
11 These power plants can be built very quickly, and  
12 especially with the process that the CEC has  
13 deployed, we can get these projects in and up and  
14 running quickly.

15 We're planning to have peaking capacity  
16 by this summer, definitely in the August/September  
17 timeframe. And the rest of our program that we're  
18 running, we deploy the turbines between now and  
19 the summer of 2002.

20 One of the drivers for Calpine in  
21 selecting the sites that we're looking at, this  
22 site included, in Gilroy, is the fact that there  
23 will be minimal impact to the community.

24 In other words, the digging of trenches  
25 and the impact to ground communities, things like

1 that, are minimized. Mainly by the fact that  
2 we're co-locating to existing power plants where  
3 much of this infrastructure already exists. The  
4 gaslines are there, the transmission lines are  
5 there, water is there. We've been in the  
6 community, we have a relationship with the  
7 community.

8 We're also trying to locate these plants  
9 in high demand, in high growth areas. And as  
10 everyone knows, the area is exactly that. It's  
11 growing very quickly and the power needs to be  
12 there to support that growth.

13 Some of the features of the plant. We  
14 did drive by, and hopefully most of you were  
15 there. Again, these peakers are -- the technology  
16 is based on General Electric's LM 6000 technology,  
17 which came from the aero-derivative marketplace.  
18 They're essentially airplane engines that have  
19 been manufactured and specifically designed and  
20 engineered for applications such as this. And  
21 special enclosures to generate electricity.

22 They're a good application because they  
23 are, as everyone knows, airplanes land and take  
24 off very repetitively. And these engines are  
25 designed for that, to start and stop as needed to

1 fill in the energy demand.

2 Nominally they generate 45 megawatts per  
3 turbine. And this project is a two phased  
4 process, and I'll explain that in the next slide.  
5 This first phase is a three turbine phase  
6 installation. So it's a 135 megawatt plant.

7 The existing plant that we operate is a  
8 131 megawatt combined cycle plant, different than  
9 what we're putting in here. This is a simple  
10 cycle plant, simple cycle meaning there's only one  
11 cycle, and it is just a gas turbine. The plant  
12 that we operated in Gilroy, a separate cycle,  
13 which is called the steam cycle, was added. And  
14 it's the combined cycle. It's more what you see  
15 in Calpine's larger facilities.

16 We do that to improve the efficiency and  
17 reduce the amount of gas that we're consuming to  
18 make the same amount of electricity.

19 Again, so these peakers are simple cycle  
20 peakers. They use clean burning natural gas only.  
21 We don't use oil or any other fuels to burn to  
22 make the power. And, again, they come up and down  
23 very quickly, 10 to 15 minutes from a call to  
24 generate electricity, we'll be up and running at  
25 full load.

1                   These packages that we will be  
2           installing come in modules from General Electric.  
3           They're pre-engineered, they're acoustically lined  
4           and engineered to have very low noise emissions.  
5           And the concept behind what GE is doing is this  
6           equipment comes prepackaged and I think it comes  
7           on 15 or 16 truckloads.

8                   So essentially you just clear the roads  
9           for the trucks, unload them, and it's a very  
10          simple modular design, much different than the  
11          more build-in-place design of the larger 500 to  
12          1000 megawatt combined cycle plants.

13                   Another feature, as I mentioned  
14          earlier, is that our new plant will be adjacent to  
15          the existing Gilroy plant, and we view that as a  
16          very positive thing. The infrastructure is there,  
17          the community is aware of our presence, and it  
18          just makes good sense.

19                   And again, to explain the two phase  
20          process, this is phase one of a two phase project.  
21          And the reason we're splitting this into two  
22          phases, the commercial operation will be this  
23          August is our goal.

24                   The first phase has been developed  
25          because the way the CEC has set up the 21-day

1           licensing, to qualify for that you have to have  
2           your engines in commercial operation by September  
3           30th of this year.

4                       And the way General Electric's  
5           manufacturing these engines, we couldn't get more  
6           of the full build out of six turbines in time to  
7           meet that date. So, as a result we have had to  
8           split this into two phases.

9                       So there's phase one for the first three  
10          turbines, and phase two for the second three. And  
11          we are presently pulling together the  
12          certification package for submittal to the CEC  
13          within a week or two.

14                      And that second phase, the complete  
15          buildout is a major function of the manufacturing  
16          that GE is doing on those engines, and will be  
17          fully built out by early summer of next year.

18                      And I just wanted to go over the aerial  
19          view of the project. I believe we're sitting  
20          somewhere over here right now, in downtown. This  
21          is highway 101, and this road here is highway 152.

22                      The big red arrow shows essentially  
23          where we walked, the open area here. This is you  
24          go right through this complex, and you can see how  
25          remote this project is from the city center, and

1 really any major community.

2 This entire area here might be off by a  
3 few parcels, but for the most part it's zoned  
4 industrial. In fact, there's a major development  
5 going in here that is, I believe, in tentative --  
6 stage right now.

7 Some of the specifics: The site that we  
8 saw in the back was actually seven acres. I'm  
9 showing ten, that's the total phase two buildout,  
10 ten acres.

11 Again, natural gas, water and  
12 transmission infrastructure is available. For the  
13 first three units, we will simply be connecting  
14 our substation to the existing 115 kV line that  
15 runs right at our plant, presently.

16 We have water wells on site that are  
17 utilized only about 40 or 50 percent of what  
18 they're rated for, and can easily handle all the  
19 water demands of the plant.

20 And the natural gasline is at the end of  
21 the street where we drove in on the bus. So we  
22 simply have to bring in about a 300, 400 foot  
23 length of pipe to connect up to the new facility.

24 We will also not be putting any new  
25 transmission towers in. We're finishing the final

1 facility studies, PG&E is working on those right  
2 now. Our input from them is that we'll simply be,  
3 we'll just be using what's in place presently.

4 The stack height for the new facility  
5 will be exactly the same as it turns out from our  
6 air modeling. It's about 80 feet tall. It's  
7 exactly the same height as the existing stack  
8 that's at the plant.

9 And we will comply with all of Gilroy  
10 and OSHA noise standards for this new facility.

11 This same picture I believe is in the  
12 fact sheet. But I'll go over it again. This is  
13 the area that we drove into. This is the levee  
14 along the August Creek Road.

15 And we walked into this area here. And  
16 I pointed to -- I guess I showed we're up here.  
17 These are the three turbines. I explained where  
18 the boundaries were for the enclosure here. And  
19 these are the stacks, the three stacks here.

20 This is the substation. And there are  
21 some other ancillary equipment. There's a  
22 compressor; there are a few water storage tanks  
23 and some other miscellaneous equipment.

24 The permitting and environmental issues,  
25 I just want to go over those. The permitting

1 review and approval process is essentially in the  
2 hands of the CEC. The review and the work that's  
3 been input into the application for certification  
4 includes all of the normal studies that are done  
5 in any large plant. It's all there, it's just on  
6 an expedited basis.

7 And all this information, by the way, is  
8 available on the CEC website. And I just also  
9 wanted to remind everyone in case you forgot, that  
10 we do have a website for this project. It's  
11 gilroypower.com. And on there we will be putting  
12 up dates as far as any new technology changes,  
13 meeting minute notes, any press releases, that  
14 kind of information. And I believe even this  
15 Powerpoint presentation will be there.

16 So if you're interested in a little bit  
17 more information we have some links in there to  
18 General Electric, where you can learn more about  
19 the packaged equipment that they're providing.

20 And, again, this project will be fully  
21 compliant with all state, local and federal  
22 regulations. And as far as the air emissions go,  
23 there is a siting document for these peaker  
24 projects that the Cal ARB has submitted, and we do  
25 follow. And that requires the best available

1 control technology, which the acronym is BACT.  
2 And we will be complying with 5 ppm NOx and 6 ppm  
3 CO limits. And, again, those are new technology  
4 limits, and they are achievable in this  
5 configuration.

6 And I'd like to close with some of the  
7 community benefits. There are a multitude of  
8 them. The first obviously is that this plant will  
9 increase the reliability to Gilroy. The power  
10 that flows out of this plant will flow not only  
11 south, the majority of it will flow up north to  
12 where the high demand area is. But in so doing,  
13 that power flows from here to other places. So  
14 inherently, the reliability in the City of Gilroy  
15 and in the surrounding communities does go up.

16 We are also removing an existing oil  
17 source tank. It's something that was actually  
18 never used. We had to use it once to show that  
19 the plant that's there could run on oil. But it's  
20 never been used, and we felt it was a wise thing  
21 to remove at this time.

22 Other community benefits, over the nine  
23 or ten or 12 months where we will be in  
24 construction, there will be up to 100 or so jobs,  
25 high-paying construction jobs, continuously in the

1 area. We will be employing up to five permanent  
2 family wage jobs.

3 And we will also be assisting the South  
4 County Regional Water Authority, the acronym is  
5 SCRWA, long term in the second phase of this  
6 project we would like to, although we have enough  
7 water at our site, at our wells to cool the  
8 equipment with the wells we have, we would like to  
9 enter an agreement with SCRWA to take their  
10 reclaimed water.

11 And I think that would be a very good  
12 win/win situation for both the City and for  
13 Calpine. We would not have to drawdown the well  
14 water, and instead used the reclaimed water, which  
15 presently is spread out into open fields.

16 There's also the benefit of property tax  
17 base increase of about \$60 million a year just for  
18 the first three turbines. And I know the City's  
19 excited about some of the opportunities that that  
20 will provide them.

21 And lastly, but not leastly, we are  
22 meeting next week with the Mayor and a few of the  
23 City Council Members to discuss our community  
24 benefit program, and try to work out the logistics  
25 and form and agreed-upon program.

1                   So that's the plan. Thank you very  
2 much.

3                   PRESIDING MEMBER LAURIE: Anything else,  
4 Mr. Harris?

5                   MR. HARRIS: No, not at this time.

6                   PRESIDING MEMBER LAURIE: Thank you, Mr.  
7 McDonald.

8                   Before we go to staff's presentation  
9 there's a couple of members of the public that I'd  
10 like to provide an opportunity now. Mr. Ajlouny,  
11 I'd like to take the Mayor first. How much time  
12 do you have? I understand you have to leave.

13                   MR. AJLOUNY: Yeah, I got to leave at a  
14 quarter to.

15                   PRESIDING MEMBER LAURIE: Okay, well,  
16 why don't you go ahead.

17                   MR. AJLOUNY: I appreciate that. Is it  
18 on? I don't think I need it, I can talk loud  
19 enough, as you know. That's the recording one,  
20 I'm used to this. Can you hear me good? Okay.

21                   For time's sake, I just have a lot of  
22 questions. Being involved with Metcalf, a lot of  
23 issues came up with the congestion of the lines  
24 from the south, from Moss Landing going to the  
25 Metcalf substation.

1                   At one time it was suggested that a  
2                   power plant at this location couldn't happen. Now  
3                   we're here where it can happen. And the way I  
4                   understand it, the first phase is 135 megawatts.  
5                   The second phase is 135 megawatts. But to do the  
6                   second phase you have to restring new lines on the  
7                   existing poles to be able to carry that power to  
8                   the Metcalf station somehow. I think there's a  
9                   station here, and then from here it can go on to  
10                  whatever number. Is that true? What I've just,  
11                  the scenario I just went through?

12                  MR. McDONALD: Yeah, can you say that  
13                  again? The second three will be reconductor --

14                  MR. AJLOUNY: Yeah.

15                  MR. McDONALD: -- from our plant up into  
16                  Morgan Hill, that's correct.

17                  MR. AJLOUNY: So my first question --

18                  MR. McDONALD: But that's --

19                  MR. AJLOUNY: -- my first question is  
20                  how much power can that, when you reconductor  
21                  those wires, can it only handle 135? Or can you  
22                  reconductor it and handle 400? I'm just  
23                  wondering.

24                  MR. McDONALD: Our preliminary studies  
25                  from PG&E show that we can handle two units

1           actually at this site, which is 90 megawatts,  
2           without doing what's called a remedial action  
3           scheme.

4                       The third unit we do have to do a  
5           remedial action scheme. After the third unit you  
6           actually get into a situation where you have to  
7           reconductor the wires.

8                       MR. AJLOUNY: Okay. And my question  
9           again is when you reconductor the wires, what's  
10          the maximum amount of power you can generate at  
11          that location? Because we're at about 400 with  
12          phase one and two and the existing 131, it comes  
13          out about 400 megawatts. Is that going to be more  
14          than that?

15                      MR. McDONALD: Beyond that load you get  
16          into a situation where you actually have to put  
17          new towers in from our plant all the way up to  
18          Metcalf, and that's a 30-mile run.

19                      MR. AJLOUNY: Okay, so for the record  
20          you're saying pretty much these new wires that are  
21          going to be hung on the existing poles can only  
22          handle the 135 being put in for phase one, and the  
23          135 for phase two. You won't be able to put any  
24          more in the future unless you put new poles and  
25          lines up, is that what I'm hearing?

1                   MR. McDONALD:  And, again, there are  
2                   remedial action schemes you can take for the  
3                   additional units, to go above 400 megawatts.  But  
4                   again, what that means is you're actually shutting  
5                   down the power generation when you get into these  
6                   RAS schemes.

7                   MR. AJLOUNY:  So, I guess where I'm  
8                   going with that is I'm just wondering, could there  
9                   be a 500 or 600 megawatt power plant at that  
10                  location with restringing the lines,  
11                  hypothetically could you have a regular  
12                  cogeneration power plant, 600 megawatts, 500  
13                  megawatts at that location?  And get rid of the  
14                  old generation that's there now, and the two  
15                  phase --

16                  MR. McDONALD:  Continuously generate?  
17                  No.

18                  MR. AJLOUNY:  Okay.  So you're saying  
19                  basically it --

20                  MR. McDONALD:  There are penalties.  
21                  These RAS schemes get employed after the six  
22                  units.

23                  MR. AJLOUNY:  So a 400 megawatt power  
24                  plant would work once you restring the lines.  If  
25                  you got rid of the existing power plant there

1           today and the two peakers, it adds up to about  
2           400, and that's what I'm hearing you say?

3                     MR. McDONALD:   That's right.

4                     MR. AJLOUNY:   That was my first  
5           question.   Okay, great.

6                     And then the CDWR has an agreement with  
7           Calpine to generate so much power per year.   And I  
8           understand the word peaker is used with these  
9           power plants.   And it's a 20 year peaker.   And I'm  
10          familiar with the two or three year peaker.

11                    So is the agreement that the state says  
12          we want -- is there any change in that answer?

13                    MR. BERTACCHI:   That's only on peak that  
14          you can generate that much power.   Off peak --

15                    MR. HARRIS:   I think we'd like to defer  
16          to Dan Wood, who is our transmission system  
17          expert, for an answer to this question.

18                    MR. WOOD:   The generation that Bryan was  
19          just talking about is only on peak.   Off peak you  
20          don't have any load here locally, so you cannot  
21          push that much power up to Metcalf off peak.   So  
22          it only -- this is only a peaker plant from that  
23          perspective.

24                    MR. AJLOUNY:   So it's 400 or less?

25                    MR. WOOD:   Yes.

1                   MR. AJLOUNY: Okay. So, maybe that will  
2 help me out. In this peaker deal that the  
3 Governor has, you know, this CDWR and Calpine, is  
4 it that when the state says we want to buy power  
5 from you, turn on your generators? Or is it when  
6 we don't have any more power in California, we  
7 can't find it, so turn on your generators?

8                   Or is it that we got a good price from  
9 Calpine, so turn them on, even in the wintertime  
10 because we got a good price so we don't have to  
11 pay, you know, other states for their power?

12                   Help me out with that scenario so I can  
13 understand what triggers those generators to go  
14 on.

15                   MR. McDONALD: To my knowledge, well,  
16 first of all, this is power that goes to the  
17 state. And so the state then takes that power and  
18 they basically distribute it to whether it's NT-  
19 15, which is the PG&E territory or south. And  
20 they determine where that goes.

21                   And our contract with DWR is a set  
22 amount of hours per year that we have to provide  
23 them power.

24                   MR. AJLOUNY: Okay, great, and how many  
25 hours is that?

1 MR. McDONALD: It's 2000 hours.

2 MR. AJLOUNY: 2000 hours a year?

3 MR. McDONALD: That's correct.

4 MR. AJLOUNY: Can it go more than that?

5 MR. McDONALD: Yes, it can.

6 MR. AJLOUNY: It's just a different

7 price, or whatever you guys have --

8 MR. McDONALD: Right.

9 MR. AJLOUNY: -- negotiated? Okay. So,  
10 in reality, could the state say we want that power  
11 in the middle of December and January? Even  
12 though we might be at only demand of 30,000  
13 megawatts in the State of California, but we don't  
14 want to go buy it from Canada or from Washington,  
15 or you know, anywhere else. Could it be -- yes,  
16 okay.

17 So the word peaker, to us, as an  
18 everyday person, we think hot days, air  
19 conditioners are on, you know, we're losing power,  
20 getting close to stage three, so we say turn on  
21 the peaker. That's not necessarily true.

22 MR. McDONALD: Well, I think the intent  
23 of these projects is to cut that peak load. I  
24 don't think that the state will use that at a time  
25 when the demand is low.

1                   MR. AJLOUNY: So they'll reserve it so  
2 when there really is a need. And if they maybe  
3 have leftover they can use it -- is it from  
4 January to December type of contract?

5                   MR. McDONALD: Yes.

6                   MR. AJLOUNY: So they could use it if  
7 they didn't use it in the summer, then they can go  
8 ahead and use it in November and December --

9                   MR. McDONALD: Correct.

10                  MR. AJLOUNY: -- and get that good  
11 discount that the Governor's able to --

12                  MR. McDONALD: Right.

13                  MR. AJLOUNY: -- maneuver. Okay. And  
14 then the air credits, are there any air credits?  
15 I didn't hear anything, not that I believe in it,  
16 don't get me wrong, but I just think it's one of  
17 those corny things that people have to go through.  
18 Is there air credits for this?

19                  MR. McDONALD: I'll let Gary Rubenstein  
20 address that.

21                  MR. AJLOUNY: Okay.

22                  MR. RUBENSTEIN: Gary Rubenstein with  
23 Sierra Resource. Yes, there are air credits that  
24 were required by the Bay Area District's  
25 regulations for both hydrocarbon and NOx

1 emissions, and --

2 MR. AJLOUNY: Okay.

3 MR. RUBENSTEIN: -- those are being  
4 provided.

5 MR. AJLOUNY: And what are they?

6 MR. RUBENSTEIN: What are they?

7 MR. AJLOUNY: Yeah, I mean, just -- I  
8 mean in a brief summary, you know, to save time  
9 and everything, I mean --

10 MR. RUBENSTEIN: The credits are from a  
11 banked certificate from, I believe, on the San  
12 Francisco Peninsula.

13 MR. AJLOUNY: Okay, so we're going to  
14 buy again credits from San Francisco to help this  
15 area here?

16 MR. RUBENSTEIN: Yes.

17 MR. AJLOUNY: Okay. And do you know how  
18 much -- because I know Metcalf was like 30 tons  
19 per year, and then, you know, 60 or 70 double,  
20 because they didn't have PM10 type --

21 MS. McBRIDE: It's 45.4 NOx --

22 MR. AJLOUNY: 45.4 NOx?

23 MS. McBRIDE: Um-hum, and 7.9 --

24 MR. AJLOUNY: 7.9 what?

25 MS. McBRIDE: VOCs. That's per year.

1 MR. AJLOUNY: VOCs --

2 MR. BERTACCHI: That's Barbara McBride,  
3 our Environmental Manager for the Western Region  
4 Office for Calpine.

5 PRESIDING MEMBER LAURIE: And you're  
6 going to have to repeat that information because  
7 it wouldn't have picked it up.

8 MR. BERTACCHI: I'll do that then. The  
9 quantities Barbara mentioned were 45.4 tons per  
10 year of offsets for NOx that are being provided;  
11 and 7.9 tons per year of hydrocarbons.

12 MR. AJLOUNY: Okay, great. And a couple  
13 last questions. In your expert opinion, maybe the  
14 transmission person that's here can help, in a  
15 scenario if Metcalf wasn't built, do you feel that  
16 the City of San Jose's going to significantly  
17 benefit by this extra 270 megawatts in that  
18 Metcalf station?

19 MR. HARRIS: Calpine will have Dan Wood  
20 respond to that, our transmission expert.

21 MR. AJLOUNY: Short and sweet, if you  
22 could, Dan.

23 MR. WOOD: Okay. I'll try. As we  
24 testified in the Metcalf hearing, there's the --  
25 well, as the ISO testified, there's the 60/40

1 rule. And in the Metcalf area there's  
2 approximately 3000 to 3500 megawatts. And there's  
3 only a couple hundred megawatts of generation.

4 So we're well below where we need to be  
5 in this area with generation.

6 MR. AJLOUNY: I understand, but my  
7 question was -- well, I guess, now that you bring  
8 that up, it's a 60/40 rule if I remember, right?

9 MR. WOOD: Right.

10 MR. AJLOUNY: And we're at a 10/90 right  
11 now, right?

12 MR. WOOD: Right.

13 MR. AJLOUNY: And we've been working  
14 fine with 10/90 for years until the power  
15 generators started playing games with us.

16 So, I don't want to go through that. I  
17 just want to know, will it significantly help  
18 Metcalf 270 megawatts. I would imagine most of  
19 the power is going to flow north instead of south  
20 to Moss Landing, because what I heard from the  
21 hearings at Metcalf is that the addition of 1100  
22 megawatts that Moss Landing is going to produce  
23 is, you know, will be funneled this way.

24 So I imagine this being here will cut  
25 that off and let that go some of it south, and I

1 would imagine most of that 270 is going to go to  
2 Metcalf.

3 MR. WOOD: Yeah. Right now there's a  
4 remedial action scheme for Moss Landing, also, the  
5 expansion there. Metcalf and Gilroy will help  
6 alleviate that remedial action scheme, the way  
7 they've got the system designed now.

8 MR. AJLOUNY: Okay.

9 MR. WOOD: Oh, right. The growth  
10 through, as we said at the Metcalf hearings,  
11 through 2008 are really going to exacerbate the  
12 problems of the area. And that's not accounted  
13 for in the 3000 to 3500 that I was speaking of  
14 earlier.

15 MR. AJLOUNY: Yeah, but, again that's  
16 speculation, that growth, I would imagine? You  
17 can agree to that?

18 MR. WOOD: Yes, --

19 MR. AJLOUNY: Especially when people are  
20 leaving California because they can't get power?

21 MR. WOOD: -- we did a range of a load  
22 growth on there from --

23 MR. AJLOUNY: Yeah.

24 MR. WOOD: -- 1 to 4 percent, so --

25 MR. AJLOUNY: Okay.

1                   MR. WOOD:  -- we took both extremes on  
2                   it.

3                   MR. AJLOUNY:  Okay.  I guess for your  
4                   benefit, I have to leave now, but --

5                   (Laughter.)

6                   MR. AJLOUNY:  -- one last thing,  
7                   Commissioner, I would just encourage you maybe if  
8                   you take a break before it gets dark, to look  
9                   around at the hills that those five professors  
10                  testified in the Metcalf and about the inversion  
11                  layer.  You can see that the hills have the  
12                  cloudiness, you can barely see the hills on both  
13                  sides of you.  And the credits that you're talking  
14                  about, again, are from San Francisco, and yet this  
15                  area is going to, you know, generate a lot of  
16                  pollution.

17                  I personally know that there's no way  
18                  that this power plant is going to be stopped.  I  
19                  mean there's just so much political pressure and,  
20                  you know, 21-day process.  You know and I know  
21                  that this isn't going to be stopped.  I'd just  
22                  caution the Commission --

23                  PRESIDING MEMBER LAURIE:  Issa, I don't  
24                  need the political comments.

25                  MR. AJLOUNY:  Well, you've been getting

1           it for six months.

2                       PRESIDING MEMBER LAURIE:   You bet I  
3           have, and I don't need it tonight.

4                       MR. AJLOUNY:   Well, I just -- you know  
5           how strong I feel, Commissioner.   Thank you for  
6           letting me go.

7                       PRESIDING MEMBER LAURIE:   Thank you.  
8           Mr. Mayor.

9                       MAYOR SPRINGER:   Commissioner Laurie,  
10          Members of the Commission, good evening.   I am Tom  
11          Springer; I am the Mayor of the City of Gilroy.   I  
12          am also the Chairman of the Board of Directors of  
13          the South County Regional Wastewater Authority  
14          effectively known as the Water Treatment Plant, or  
15          in the plain old City of Gilroy lingo, the sewer  
16          plant, that is anticipating sharing some of its  
17          water with the Calpine plants.

18                      I have been a strong proponent or an  
19          advocate of this plant since the very beginning.  
20          The State of California desperately needs the  
21          power, not just the Gilroy area, not just the  
22          Silicon Valley area, but the state, in general.

23                      We're behind on building plants.  
24          Although this is only 270 megawatts, and I wish it  
25          was a lot more coming out of this area, I would be

1 even willing to entertain a 1200 megawatt plant in  
2 the City of Gilroy, believing we could clearly  
3 support that down here.

4 At the moment we're limited to what we  
5 can get, and so we'll take the 270 for a total of  
6 400 leaving this area, as fast as humanly  
7 possible.

8 This is a good deal, not just for the  
9 community of Gilroy, but for the greater  
10 California area, as well. But specifically from  
11 the community of Gilroy, not only is it economic  
12 benefit to us, a benefit from having the power  
13 that's going to be available, but speaking from  
14 the wastewater treatment plant side, there's up to  
15 a million gallons of recycled tertiary clean water  
16 that we anticipate Calpine will be using. They'll  
17 be using half of that from day one, not well  
18 water. I know well water is available to them.

19 But as soon as we can get the pipe,  
20 we've already issued the will-serve letter from  
21 the wastewater treatment authority, as soon as we  
22 can get the pipe to them they will be using the  
23 recycled water.

24 That's a major benefit because our  
25 facility today produces 3 million gallons of

1 tertiary treated clean water that we're not able,  
2 in the wintertime, to get rid of it all. And in  
3 the summertime we can only find a market for 2  
4 million of those gallons. For the golf courses,  
5 for the parks, for the orchards and other  
6 agricultural use around here.

7 The market for that remaining 1 million  
8 gallons just is not developed. That's unfortunate  
9 because it's caused us to consume valuable  
10 farmland near the wastewater treatment plant.  
11 That farmland is very valuable to this area in  
12 terms of maintaining farming.

13 We, unfortunately, had to purchase a  
14 large portion of it known as the Frasier Lake land  
15 just recently because we've been unable to get rid  
16 of this water otherwise.

17 Having to perk it back into the ground  
18 does not make sense once we've cleaned it. Have a  
19 large customer like Calpine to use it makes  
20 perfect sense.

21 We're very happy to have Calpine in  
22 Gilroy. We encourage them to grow with us in  
23 Gilroy.

24 The plant is going to be good for very  
25 single citizen in California, especially those in

1           this area. Not just the Gilroy and the Morgan  
2           Hill area, but the Santa Clara Valley area, as  
3           well, including Silicon Valley.

4                         Anything we can do to get on line as  
5           soon as possible, to keep the business structure  
6           alive, to keep the residents in power, we ought to  
7           be bending over backwards to do.

8                         From the City's standpoint we've taken a  
9           very positive action to try to smooth the way for  
10          them to get up and running. We've expedited our  
11          permit process. The City Staff who's in the  
12          audience tonight will tell you that we've been  
13          working overboard with Calpine to make this plant  
14          happen.

15                        The City of Morgan Hill recently joined  
16          us when their City Council gave their support to  
17          this plant because they realize the benefits it  
18          has to Morgan Hill, as well. Not just in power,  
19          but because of the electrical situation in this  
20          valley being so critical to the residents and the  
21          business community.

22                        Being able to use up that wastewater has  
23          another benefit to the community. In addition to  
24          not having to buy up more and more valuable  
25          agricultural land for percolation ponds. It'll

1 help keep our sewer rates down, because the money  
2 for the wastewater that Calpine will be paying  
3 will be put right back into the electrical costs  
4 to run our existing sewer plant.

5 Our sewer plant can handle 7.5 million  
6 gallons incoming today. It's being re-rated with  
7 the regional board, which is out of the Monterey  
8 Bay central coast area, not the San Francisco Bay  
9 Area Board, up to 8.5 million gallons.

10 We produce, as I said earlier, 3 million  
11 gallons of recycled water today. We're going to  
12 be able to produce more when we have the second  
13 phase of the sewer plant expansion in place. That  
14 will take us up to about 11, and then on to 16  
15 million gallons of input a day. And eventually  
16 7.5 to 11 recycled gallons coming out each day.

17 Hopefully some day we will see that 1200  
18 megawatt plant here in Gilroy. Being able to  
19 serve not only the central part of the state, the  
20 northern part of the state, and every part else  
21 that we can get the power to.

22 We can't do it today because we don't  
23 have the transmission lines. You've heard the  
24 story, I don't need to repeat it. We also can't  
25 do it for another reason. We can't get rid of the

1 water that is left over when the plant is done.  
2 All plants produce some amount of output water,  
3 condensed, but it still contains the solids,  
4 what's known as the TDS levels, the total  
5 disposable solids.

6 Because we flow into the Monterey Bay  
7 Area from this area, not into San Francisco Bay,  
8 and the Monterey Bay Area already has a salt water  
9 intrusion problem into their natural water fields,  
10 their drinking water fields, fresh water fields,  
11 we cannot add anything to their basin. We could  
12 not take any of the water coming out of this plant  
13 and allow it in any way to flow to Monterey Bay.

14 That is also the impediment to our  
15 building a much larger plant. But we do have the  
16 capacity to treat this water today in our sewer  
17 plant. When all six peaker units are on line  
18 they'll be producing approximately 200,000 gallons  
19 of water a day, that's a five-for-one  
20 concentration down from the 1 million input  
21 gallons they'll be taking from us in recycled  
22 water. We can treat that. The total disposable  
23 solids will just be about a 5 percent increase in  
24 our plant size. It will not have an impact to the  
25 Monterey Bay Area.

1                   Unfortunately, today, until we find  
2                   another solution, a larger plant would. But I'm  
3                   still in favor of pursuing the solutions to get  
4                   the larger plant in.

5                   Unlike most other communities, Gilroy is  
6                   not in opposition to this plant. You've seen the  
7                   location of it. It is not next to a residential  
8                   area. In fact, as the crow flies to the City of  
9                   Gilroy, most residential areas are at least one  
10                  mile, more likely three miles to the northeast of  
11                  the plant.

12                  There are some residences to the east in  
13                  the farming community outside the City limits, who  
14                  may worry about noise pollution; they may also  
15                  worry about other pollutions and nitrates, or the  
16                  carbon-based pollutants in the air.

17                  At 5 ppm on the nitrate side, and 6 ppm  
18                  on the carbon-based side, we don't believe that is  
19                  a significant amount. You're probably picking up  
20                  more pollutants from the trucks running along 152  
21                  day in and day out, because it is the major  
22                  connector route between this area and the San  
23                  Francisco Bay Area, the central coast area, into  
24                  the central valley and down to L.A. off of highway  
25                  5.

1                   The noise level coming out of these  
2 plants, as I understand it, it'll be 58 decibels.  
3 The City of Gilroy's standard is 65 decibels for  
4 noise level in your backyard. The noise level  
5 from these plants will not be noticed once the  
6 trucks on 152 move by. You'll hear more from the  
7 trucks than you ever will from these plants.

8                   We think it's a win/win across the  
9 board. We think it's a win for the community of  
10 Gilroy, and I do mean community, not just the  
11 City, but of everyone in this area. We believe  
12 it's a win for the whole Silicon Valley, as well  
13 as the Monterey Bay area. We believe it's a win  
14 for California.

15                  I would urge the Commission to support  
16 the approval of this plant, all six peaker units;  
17 three now, and the next application for the  
18 remaining three. We see no down side. We are  
19 committed to doing whatever we can to help the  
20 Commission to expedite this process. We'll help  
21 Calpine do it, whatever we can to expedite the  
22 construction of this, to get the power on line so  
23 the citizens of California benefit.

24                  Personally I would like to have first  
25 access to the power, but I understand ISO gets all

1 the power and it goes out on the grid. Perhaps  
2 with the next plant we'll have first access with  
3 our new City Municipal Utility District, and  
4 guaranteed power for our community.

5 The plant is so far away from the  
6 majority of the City, we've been saying it's out  
7 of sight, out of mind, but not out of power. It's  
8 located next to Joe McCarthy's brand new, in the  
9 process of being created, 168 industrial complex.  
10 He has the McCarthy Ranch Gilroy Complex under  
11 development right now.

12 For anyone who's familiar with what Joe  
13 McCarthy did for Milpitas, he's going to do for  
14 Gilroy. We like having the plant in our backyard  
15 because we feel that we have a good comfort level  
16 of guaranteed source of power. And we're willing  
17 to let the plants operate 24/7 if that's what it  
18 takes to help California get through these power  
19 crisis years, this year and next year.

20 We think it's a great deal for everyone.  
21 We think it's a win for everyone. It's an  
22 economic benefit to the City. Most importantly,  
23 it's a benefit to the surrounding agricultural  
24 community by taking away that 1 million gallons of  
25 water a day that we no longer have to waste,

1           putting it back on the ground.

2                       And as the plant grows, if we can take  
3           away more water, that would be great.   Because  
4           that saves the valuable agricultural land for the  
5           agricultural community.   And ag land is such a  
6           precious thing to waste.

7                       So, again, I urge you to do whatever you  
8           can to help expedite the approval of this process  
9           to get these plants running.   And some day when we  
10          come back in front of you for a 1200 megawatt  
11          plant in Gilroy I hope you'll also smile favorably  
12          on us.

13                      Thank you very much.

14                      PRESIDING MEMBER LAURIE:   Thank you,  
15          Mayor Springer.   Is it the position of the City,  
16          or if you can't speak for a formal position of the  
17          City, because I'm --

18                      MAYOR SPRINGER:   The City Council has  
19          not yet taken a formal position.

20                      PRESIDING MEMBER LAURIE:   Okay.   Is it  
21          your view that this project is compatible with  
22          surrounding land uses?

23                      MAYOR SPRINGER:   Absolutely.

24                      PRESIDING MEMBER LAURIE:   And  
25          surrounding proposed uses?

1                   MAYOR SPRINGER: Absolutely. Minimum  
2                   impact. A farm in that area probably, if for  
3                   example, a pig farm or some other type of farm  
4                   that would produce either odors or some other  
5                   type, would probably be even less compatible than  
6                   this plant would be.

7                   No one driving over Pacheco Pass, as you  
8                   saw on our your tour today, is probably even going  
9                   to know the plant exists. The very limited amount  
10                  of emissions coming from this plant will  
11                  immediately dissipate to the south. The  
12                  prevailing winds, as I'm sure you felt out in that  
13                  area, blow to the south.

14                 Don Christopher's Christopher Ranch, the  
15                 largest garlic producer in the United States, is  
16                 immediately to the south, and Don said, let it  
17                 come, I have no problem with it.

18                 So we see zero incompatibilities with  
19                 that plant being in that location.

20                 PRESIDING MEMBER LAURIE: Thank you,  
21                 sir, your comments are appreciated.

22                 MAYOR SPRINGER: Thank you.

23                 PRESIDING MEMBER LAURIE: Ladies and  
24                 gentlemen, well, first, let me ask, is there  
25                 anybody who is under significant time constraint

1           because at this time I would prefer to go to  
2           staff's presentation? Yes, sir. If you could  
3           identify yourself for the record, please.

4                       MR. BEAMS: Yeah, my name is Robert  
5           Beams. I'm a resident of Pacheco Pass Highway. I  
6           am probably the closest resident to Gilroy Foods  
7           and the energy plant across the street. And I  
8           wanted to share with you some of my concerns.

9                       PRESIDING MEMBER LAURIE: Yes, sir.

10                      MR. BEAMS: Number one, what I'm  
11           concerned about is the short process involved  
12           here, and the ability to have adequate study for  
13           what the effects of this plant are going to have.

14                      Unfortunately, the plant, itself, is in  
15           the City limits of Gilroy. I live in the County.  
16           I don't see anybody representing the County or the  
17           people of the County out in that area here tonight  
18           to represent our interests. It's strictly for  
19           Gilroy. I wish Mr. Springer would live in my  
20           house for awhile and have to live across the  
21           street from this. It has impact on me.

22                      One of the things that I'm concerned  
23           about is the air quality out there. My wife has  
24           asthma. She's been very ill. I constantly have  
25           to look out my windows and watch that smoke stack

1 across the street and what comes out of it I don't  
2 know.

3 But I do know that when that plant was  
4 initially set up and started running that it  
5 exceeded the air quality allowable limits for  
6 pollution. And they had to apply for a special  
7 permit. That's something that needs to be looked  
8 into. I don't think anybody's aware of that. So,  
9 it's a daily concern when I have to look out  
10 there.

11 Noise-wise, when that plant came on line  
12 initially there were times when there was too much  
13 pressure that built up in the boiler. It went  
14 into an emergency operation, the plant vented.  
15 The noise was deafening. I couldn't stand outside  
16 my house, let alone inside my house, and have a  
17 conversation with somebody because of the noise.

18 They put silencers on it, but, you know,  
19 to this day the plant is still venting  
20 occasionally. And, you know, the concern that you  
21 have is that when this thing vents like that, is  
22 it going to blow up. I don't know, you know. I  
23 have no idea what's going to happen over there.

24 But I'll tell you, with the amount of  
25 noise that comes out of that when it does vent, it

1 scares the heck out of you.

2 The other thing, the visual effects of  
3 having the plant across the street with the stacks  
4 and the emissions coming out of it, it's a  
5 significant eyesore to the people that live across  
6 the street.

7 The noise that's in the background, of  
8 the plant running. You know, when the traffic  
9 quiets down at night on the highway, you hear this  
10 constant noise coming from the plant across the  
11 street. So you can't leave your windows open at  
12 night, you can still hear the plant.

13 PRESIDING MEMBER LAURIE: Is your house  
14 the one with the flagpole?

15 MR. BEAMS: I live next door. Also,  
16 too, I'm on a well. And I understand when they  
17 first started the first plant there it was using 1  
18 to 2 million gallons of water a day. I don't know  
19 what effect that's had on the water table. I have  
20 concerns about that.

21 You know, the short process, the 21-day  
22 process, you know, is very little notice for us.  
23 You know, we've been reading in the paper the  
24 urgency and everything with the state energy  
25 crisis. And I understand the situation. I'm not

1           against this. But what I'm concerned about is the  
2           City of Gilroy, in its eagerness to do business  
3           with Calpine, you know, talk about getting past  
4           the EIR report, and getting this thing going,  
5           getting it on line, doing anything that we can do  
6           to make this happen.

7                         There's talk of community grants.  
8           People arguing about what Calpine's going to give  
9           in return. What kind of concessions are being  
10          made to get this thing on line, you know. Is the  
11          process of air quality, water, these things being  
12          overlooked at the expense of, you know, putting  
13          this thing on line, and the City of Gilroy  
14          receiving benefit as a result.

15                        Those are my concerns.

16                        PRESIDING MEMBER LAURIE: Thank you,  
17          sir. At this time I would ask staff to offer  
18          their presentation. Mr. Eller.

19                        MR. ELLER: Thank you, Commissioner.  
20          Again, I'm Bob Eller; I'm Project Manager for this  
21          project for the Energy Commission.

22                        I'm going to talk to you tonight about  
23          the expedited power plant permitting process that  
24          we're going through, and the reasons for it.

25                        As you have heard this evening, the

1 Governor's executive orders earlier this year  
2 allowed us to develop a 21-day permit process, and  
3 an emergency permit.

4 Who qualifies for this permit? Well,  
5 they're peaker power plants, or simple cycle power  
6 plants, as you've heard this evening, that can be  
7 online by September 30th of this year, that are 50  
8 megawatts or larger. And they have no fatal  
9 flaws. That is there are no significant impacts  
10 from the construction and operation of the  
11 facility.

12 In order to determine whether there are  
13 fatal flaws, staff is performing an analysis of  
14 the data supplied by Calpine on this project to  
15 determine whether there are any public health or  
16 safety concerns; whether there are environmental  
17 impacts that remain unmitigated; that there are no  
18 significant adverse energy system impacts; that  
19 the project will comply with all legal  
20 requirements; that they will have site control.

21 And one other thing, and I put it here  
22 because it's a concern for many of you, and I  
23 think I just heard it from the last gentleman,  
24 this process is exempt from CEQA by Governor's  
25 order.

1                   Many people take that to believe we are  
2                   doing a substandard analysis. What we're doing is  
3                   a fatal flaw, similar to that done under initial  
4                   studies by most of the jurisdictions in  
5                   California, where they issue negative  
6                   declarations.

7                   We're looking to find out whether there  
8                   are impacts, and if so, to report those to the  
9                   decision-maker, which would be the Commission.

10                   Our benefit from not having CEQA  
11                   requirements for this, that we can reduce the  
12                   amount of time needed for noticing, therefore do  
13                   the process very much quicker.

14                   The question's also come up about the  
15                   length of the CEC license for these projects. The  
16                   license is for the life of the project. If  
17                   there's a contract with the State of California,  
18                   that will typically be with the Department of  
19                   Water Resources, who is designed to be the agent  
20                   for the state.

21                   And that the process meets continuation  
22                   criteria at the end of the contract.  
23                   Specifically, that they meet BACT, which is they  
24                   have the best available control technology for  
25                   their air emissions. And that they have permanent

1 air emission offsets for any emissions that they  
2 do produce.

3 That the project is in compliance with  
4 all of the Energy Commission conditions that are  
5 placed upon the project at the time of  
6 certification. That the project has site control  
7 and is a permanent facility.

8 And when we say permanent facility, many  
9 projects that are coming through on a very speedy  
10 basis might be mounted on trucks, they might come  
11 in on skids, so that they're put into the site.  
12 Projects that are permanent are typically more  
13 like you've seen out there today. It's on a  
14 foundation, structures are all on a permanent  
15 basis.

16 If they do not have a contract with the  
17 State of California, emergency permit is three  
18 years with an option to recertify.

19 Staff has begun their review of this  
20 project and will be issuing a report in a few  
21 days. The application was deemed complete on May  
22 1st. Comments are due to the Commission on May  
23 11th. We have distributed to all of the  
24 applicable state agencies that are reviewing  
25 projects, and asked them for comments.

1                   We'll be issuing a staff assessment on  
2                   the web internet on May 15th. The Commissioners'  
3                   proposed decision is expected on May 18th. And  
4                   there will be a Commission decision on May 21st.

5                   At this time, staff is, like I said,  
6                   completing their analysis. At this time we are  
7                   unaware of any significant impacts that would  
8                   preclude recommending approval of the project.

9                   If the Commission approves the project  
10                  there will be a number of permit conditions on  
11                  that approval. It will contain conditions that  
12                  specify measures for construction, and specify  
13                  measures for operation that assure compliance with  
14                  all applicable laws, ordinances, regulations and  
15                  standards.

16                  The Commission will also have a  
17                  compliance monitor available. He will work to  
18                  assure project compliance with the conditions,  
19                  will monitor all of the construction and  
20                  operation, and respond to any public concerns from  
21                  that construction and operation. And, again,  
22                  assure that those laws, ordinances, regulations  
23                  and standards are completely met.

24                  If you have concerns about the project  
25                  I'd be happy to talk to you about them either

1           tonight or later in the week, if you want to give  
2           me a call. Here's my number; it's area code (916)  
3           651-8835, or you can call our hotline toll free in  
4           California at 888-871-9673. And you might have  
5           heard a long address for the internet, that's  
6           that, and I'll leave it up for a few minutes if  
7           you want to copy it down.

8                         Our air quality analysis for these  
9           projects are performed by the local air districts.  
10          And in this case that's the Bay Area Air Quality  
11          Management District. With us tonight is Dick  
12          Wocasek, thank you, Dick.

13                        I'd like to ask Dick to talk a bit about  
14          their air review.

15                        MR. WOCASEK: Yeah, we've completed our  
16          preliminary analysis of this and issued a document  
17          that we call the preliminary determination of  
18          compliance. And we've concluded that this project  
19          meets all our applicable regulations.

20                        Our document is now out for a 30-day  
21          public review, and it's available at the County  
22          building in San Jose, and it's also available on  
23          our website. If you want the website address, I  
24          can give you that. It's [www.baaqmd.gov](http://www.baaqmd.gov). If you  
25          go to that site, go under permits. You'll find

1           this document, 27-page document.

2                     It essentially shows the process that we  
3           went through, and the analysis that was done.

4                     MR. ELLER: Thank you, Dick. That  
5           document will also be included as appendix to  
6           staff's assessment.

7                     That concludes my presentation.

8                     PRESIDING MEMBER LAURIE: Mr. Eller,  
9           what's the applicant's intent regarding the DWR  
10          contract?

11                    MR. ELLER: I would look to the  
12          applicant's intent. I understand that they have a  
13          general DWR contract for a number of turbines. I  
14          will let them speak specifically to that.

15                    PRESIDING MEMBER LAURIE: And can you  
16          clarify, Mr. McDonald?

17                    MR. McDONALD: Sure. We have a 20-year  
18          contract to provide 495 megawatts to the state.

19                    PRESIDING MEMBER LAURIE: And how do we  
20          identify which 495 megawatts it is? That is, how  
21          do I make a finding that this project includes the  
22          megawatts that are a part of that contract? Is  
23          that contract for this project, or it's a  
24          combination of megawatts at large?

25                    MR. McDONALD: No, they're all from LM

1           6000 gas turbines. We have 11 gas turbines times  
2           45 is 495 megawatts. And our campaign is to  
3           deploy those throughout the state as quick as we  
4           can.

5                       PRESIDING MEMBER LAURIE: So, is it your  
6           position that this project is subject to that  
7           contract?

8                       MR. McDONALD: Absolutely.

9                       PRESIDING MEMBER LAURIE: Okay, thank  
10          you. Anything else, Mr. Eller?

11                      MR. ELLER: No, sir, thank you.

12                      PRESIDING MEMBER LAURIE: Thank you.  
13          Ladies and gentlemen, at this time we'll open the  
14          matter up for public comment or public question.  
15          If you want to offer political comment, feel free  
16          to offer political comment. I'd like it to be  
17          relevant if at all possible.

18                      Your questions or comments would be  
19          appreciated at this time. Let's go the left side  
20          of the podium first. Anybody on the left side  
21          wish to offer comment or ask questions at this  
22          time? Yes, ma'am. Terry Feinberg. Evening, sir.

23                      MR. FEINBERG: Good evening. My name's  
24          Terry Feinberg. I live at 6990 Angela Lane, which  
25          is probably two and a half to three miles directly

1 due east of the proposed site, outside of the City  
2 limits, in the County.

3 And contrary to most speakers who come  
4 forward to a hearing like this, I'm coming forward  
5 as a YIMBY, saying "Yes In My Back Yard".

6 It is directly in my back yard; I can  
7 see the stacks from our house. We are slightly on  
8 the rise. I don't need to take your time or bore  
9 you with the energy challenges that this state  
10 faces. Plants need to be built somewhere.

11 And objectively, I can't imagine a  
12 better site. You've got a site that already has  
13 an existing power plant on the site, the gaslines  
14 are there, the transmission lines are there. From  
15 a local standpoint, we've got a tremendous problem  
16 with excess wastewater from the plant that can be  
17 used by this plant.

18 Everybody can't say no and still expect  
19 to turn on the lights. And I would encourage you  
20 to expedite this process and do what you can to  
21 help approve it. Thank you.

22 PRESIDING MEMBER LAURIE: Thank you,  
23 sir. Mr. Bradley, good evening, sir.

24 MR. BRADLEY: Good evening.

25 Commissioner Laurie, Mr. Engeman, it's great to be

1 here, again. There's a lot of familiar faces. I  
2 know we've done this many times before in recent  
3 months. And it's kind of interesting being in  
4 this room, because it looks like a wedding  
5 reception with, you know, the head table up here,  
6 and --

7 (Laughter.)

8 MR. BRADLEY: -- we're talking about a  
9 marriage here, marrying reliable power to a  
10 community that needs it very much.

11 PRESIDING MEMBER LAURIE: Don't get  
12 carried away, Mr. Bradley.

13 (Laughter.)

14 MR. BRADLEY: Sorry, it's the food, it's  
15 the atmosphere, it's Gilroy, it's a great place to  
16 be.

17 My name is Justin Bradley; I'm the  
18 Energy Director for the Silicon Valley  
19 Manufacturing Group. And we're very pleased to be  
20 here to talk to you about this project.

21 We take great care in looking at these  
22 sites and determining whether they really meet the  
23 criteria that we have set up, that we took many  
24 months to come to agreement on. And I'm pleased  
25 to say that we have unanimously said this is an

1 important project for the manufacturing group.

2 And I just want to highlight who we are  
3 as an organization. We are 190 member companies,  
4 approximately 275,000 workers in this Silicon  
5 Valley area, many of whom live here in Gilroy in  
6 the south valley. And we really want to support  
7 them in reliable power and avoiding blackouts this  
8 summer and into the future.

9 And I want to say one other thing, is we  
10 understand, being in a crisis for many months with  
11 no end in sight, is a great sacrifice on your  
12 part, as once again we're here in the evening  
13 dealing with an issue that we hope will bring  
14 benefit. But, we recognize your work and we thank  
15 you for that sincerely.

16 Just to summarize a few things, and I've  
17 a letter to submit to you before we conclude, is  
18 that with the first summer heat wave occurring  
19 this past week, and getting rotating outages, we  
20 see that public safety is of paramount concern for  
21 the manufacturing group. And furthermore, the  
22 local economy is at great risk from the lack of  
23 reliable power.

24 And we believe it's no exaggeration to  
25 state that the immediate siting of emergency power

1 plants in the Santa Clara Valley is crucial for  
2 the next 18 to 24 months, to lessen the occurrence  
3 of blackouts, provide the public safety, enhance  
4 grid stability and voltage support.

5 So, we believe that permitting and  
6 expediting installation of the Gilroy Peakers  
7 Project, the Gilroy Energy Center, is an essential  
8 element for the south valley and for Silicon  
9 Valley and its workers and families.

10 Consequently, we strongly support this  
11 project and recommend that the Energy Commission  
12 vote to approve the expedited permit for an  
13 installation in the period of time allotted here.

14 And we have our analysis attached to the  
15 letter in the categories of energy needs,  
16 environmental concerns, and land use concerns, as  
17 well. Thank you very much.

18 PRESIDING MEMBER LAURIE: Where is that  
19 letter, Mr. Bradley?

20 MR. BRADLEY: It's right here.

21 PRESIDING MEMBER LAURIE: Great. Thank  
22 you.

23 MR. BRADLEY: And I'll take questions,  
24 if you want.

25 PRESIDING MEMBER LAURIE: No questions.

1 I would just comment that the Commissioners get  
2 paid to be here. And it is our job to be here.  
3 And it is no sacrifice for the Commissioners to be  
4 here.

5 On the other hand, I hope that when the  
6 crisis is over, whenever that might be, that our  
7 Governor and our Legislature and the public look  
8 at our staff and have something good to say about  
9 the fact that they have been busting their fannies  
10 for the last two years, and for the work that  
11 they've done. Because these folks have been  
12 putting out, and I hope somebody recognizes that.

13 MR. BRADLEY: We notice.

14 PRESIDING MEMBER LAURIE: Thank you, Mr.  
15 Bradley, very much.

16 Mr. Lindsteadt. Evening, sir.

17 MR. LINDSTEADT: Good evening,  
18 Commissioners, and welcome to the City of Gilroy.

19 My name is Bill Lindsteadt, and I'm the  
20 Executive Director of the Gilroy Economic  
21 Development Corporation.

22 With the recognized need for additional  
23 electric power resources to continue the support  
24 of California's economy, I, along with my economic  
25 development practitioner colleagues around the

1 state and many others that you're hearing from in  
2 this room tonight, appreciate your fast track  
3 approval process of peaker plant applications.

4 Speaking as the Economic Development  
5 Director for the City of Gilroy, I can assure you  
6 that our City has a current need, and is fast  
7 approaching a critical need for additional  
8 electric energy resources.

9 Our businesses simply cannot  
10 economically sustain the continuing high cost of  
11 electricity caused by the shortage of supply.

12 Gilroy's economy has historically been  
13 dominated by agriculture and its related  
14 industries. However, over the last five years,  
15 primarily due to the influence of the Silicon  
16 Valley, Gilroy has transitioned into a regional  
17 light industrial employment center for South Santa  
18 Clara County.

19 Numerous new commercial and industrial  
20 businesses have located here, and new facility  
21 construction is underway to accommodate even more.

22 Development planning for the City's  
23 economic future has just been completed through an  
24 update process of the 20 year general plan.

25 Projected population and business growth will

1 create a mix of traditional and new industries  
2 that will provide a vibrant local economy, a  
3 diversity of livable wage employment opportunities  
4 for all Gilroyans, and a stable tax base to  
5 support City services.

6 Gilroy needs these power plants proposed  
7 by Calpine Corporation. And I wholeheartedly  
8 support this Calpine peaker plant application, and  
9 hope you'll give it your vote of approval.

10 And I have a copy of my comments in the  
11 folder that was provided for you tonight.

12 PRESIDING MEMBER LAURIE: Thank you,  
13 sir. We would like the written comments.

14 MR. LINDSTEADT: Yes, they're in the  
15 blue folder that is provided for you.

16 PRESIDING MEMBER LAURIE: Okay, thank  
17 you, sir, very much. You have a wonderful  
18 community here; I'm envious. Thank you.

19 Mr. Redding. Evening.

20 MR. REDDING: Good evening. And all I  
21 can say to Mr. Bradley is phooey, he said  
22 everything that I wanted to say tonight.

23 (Laughter.)

24 MR. REDDING: I am the Co-chair of the  
25 Energy Committee for the Silicon Valley

1 Manufacturing Group. So, I'm representing the  
2 manufacturing group, as well.

3 And my committee, in particular,  
4 performed the evaluation Mr. Bradley referred to.  
5 We look at the need for electricity, environmental  
6 issues and land use issues. And while our  
7 analysis certainly isn't as thorough as yours, we  
8 do take our time and take pride in what we do.

9 We came to the same conclusions that  
10 Mayor Springer came to in his remarks earlier.

11 What I would like to add is that as  
12 someone who's lived in this area for 25 years, we  
13 live in a regional community here. Santa Clara  
14 County is a regional community. And to that  
15 extent, what we do here in Gilroy certainly  
16 affects the rest of us in Silicon Valley.

17 As Mr. Bradley and others have  
18 mentioned, many of the workers in Silicon Valley  
19 live here. Many of the people that live in San  
20 Jose Silicon Valley shop here. Certainly my 14  
21 year old daughter does. So, we share a regional  
22 economy. We breathe the same air.

23 These peaker plants will keep our  
24 economy strong. The Bay Area Economic Forum  
25 recently issued a report which showed in

1           quantifiable terms the impact on our economy due  
2           to rolling blackouts. And it ranges anywhere from  
3           \$2 billion up to \$60 billion, depending on the  
4           number of blackouts that we have.

5                       And this summer Cal-ISO, as you know, is  
6           forecasting 34, possibly 34 days of rolling  
7           blackouts. These plants can mitigate that effect,  
8           can mitigate the impact that it has on our  
9           regional economy.

10                      It can also mitigate the impact it has  
11           on our air that we all breathe. As we all know,  
12           if there are rolling blackouts there are going to  
13           be hundreds, if not thousands, of diesel  
14           generators that will be firing up in this area to  
15           provide essential safety services, not only public  
16           services, but at our manufacturing facilities.

17                      Much better to use the electricity from  
18           these clean peaker plants than to use those diesel  
19           plants.

20                      So, that's my argument. And we think  
21           this is an excellent project. We think it has  
22           regional benefits. And Silicon Valley  
23           Manufacturing Group, which I also represent, urges  
24           you to approve these plants.

25                      Thank you and good night.

1                   PRESIDING MEMBER LAURIE: Thank you,  
2                   sir. Mr. Micko, Mr. Micko -- Jeff.

3                   MR. MICKO: Yes, thank you, good  
4                   evening. My name is Jeff Micko. I'm with the  
5                   Santa Clara Valley Water District.

6                   Our goal is to provide a reliable clean  
7                   water supply for Santa Clara County. We have  
8                   partnered with the City of Gilroy in the  
9                   development of the recycled water program here in  
10                  south County, and we encourage the use of recycled  
11                  water for the plant.

12                  We're also concerned with water quality  
13                  in general, and that there be no degradation of  
14                  water quality either in groundwater or surface  
15                  water as a result of the plant.

16                  If the water is recycled back into the  
17                  water treatment plant it's a possibility that the  
18                  salinity would increase, and while we would gain a  
19                  customer with Calpine, we may jeopardize our  
20                  existing market and our potential future market is  
21                  the water quality of the recycled water is  
22                  degraded.

23                  So, we look forward to working with  
24                  Calpine and the City of Gilroy to make sure that  
25                  the project can go forward, and that there are no

1 impacts to the water quality.

2 PRESIDING MEMBER LAURIE: Thank you,  
3 sir.

4 MR. MICKO: Thank you.

5 PRESIDING MEMBER LAURIE: Tony Sudol.  
6 Evening, sir.

7 MR. SUDOL: I'd like to thank the  
8 Commission for this opportunity. My name is Tony  
9 Sudol; I am a Gilroy City Councilman. And as my  
10 colleague, Mayor Springer, I, too, sit on the  
11 South County Regional Wastewater Authority.

12 I am wholly in favor of this project. I  
13 can speak for selfish reasons, yes, I was elected  
14 by the citizens of Gilroy to serve them. That is  
15 obviously always my first priority. But there are  
16 times when we have to think of things regionally,  
17 and distance in the state, and with the power  
18 crisis that we're in now, we can't fix what's  
19 already happened. What's done is done.

20 But moving forward, what we need to do  
21 is be able to provide the power that the citizens  
22 of this state have always come to expect. They  
23 turn on the light switch, the light comes on.  
24 It's cold outside, I flick my heater on, I heat my  
25 house.

1                   What scares me is not just for the  
2                   citizens of Gilroy that a resident goes to turn on  
3                   their heater and it doesn't come on. And they  
4                   assume that they're going to take either an  
5                   extreme or a risky measure to provide heat. And  
6                   they do something that they don't want to do. Use  
7                   propane. We had an incident last week in this  
8                   town where someone was critically injured.

9                   These are things that we've got to be  
10                  able to try and control. We can't sit here and  
11                  continue to argue about, you know, I don't want it  
12                  in my backyard. I really appreciate the citizen,  
13                  the neighbor who came up and talked about his  
14                  wife. I, too, raised concerns about that.

15                 I know this is a unique process, but the  
16                 reality is that if we continue with hearings and  
17                 we go through the normal process for approval of  
18                 plants, that time will continue to drag on and the  
19                 power crisis will get even worse.

20                 We are in a state that, as an economy,  
21                 is greater than most countries in this world. But  
22                 we're running into the possibility of an energy  
23                 crisis that will create us into a third world  
24                 state, for things that we've come to expect.

25                 This plant needs to come on line and

1 many more need to. It's not because of what's in  
2 the best interests of Gilroy; it's what's in the  
3 best interests of the state and all the citizens.

4 And the sooner these things come on  
5 line, the better off we're all going to be. I  
6 know it's not enough. There's other things that  
7 have to be done, other sources of power, but we've  
8 got to start someplace. And as fast as possible.

9 And the quicker this Commission can move  
10 to begin this, the better off we're all going to  
11 be. Thank you very much.

12 PRESIDING MEMBER LAURIE: Thank you,  
13 sir.

14 Mr. Garbett. Evening, sir.

15 MR. GARBETT: Thank you, Mr. Laurie,  
16 we're speaking on behalf of T.H.E.P.U.B.L.I.C.  
17 And I'm --

18 PRESIDING MEMBER LAURIE: And when you  
19 make reference to the public, that's in --

20 MR. GARBETT: T.H.E.P.U.B.L.I.C., it's  
21 an environmental organization located Post Office  
22 Box 36132 in San Jose 95158-6132.

23 I have some written comments that I'll  
24 submit and I'll just go over these very briefly in  
25 oral testimony here, because you are accepting

1 written comments. And so I will provide those for  
2 you tonight.

3 Basically you recently had hearings in  
4 San Jose. Now, San Jose was proposing the use of  
5 recycled water for their power plant. San Jose  
6 had problems with the Regional Water Quality  
7 Control, the fact their water was too pure and a  
8 number of other problems.

9 San Jose cleaned up their discharge from  
10 the particular Bay by eliminating the canneries in  
11 San Jose and the waste they provided to their  
12 sewage plant. But unfortunately, the water that  
13 they provided for recycled use for power plants  
14 has certain human pathogens in it, concentrated in  
15 high form in vapor towers that you might use in  
16 power plants. Totally unacceptable.

17 Here in Gilroy, though, you have an  
18 agricultural industry that is still alive and  
19 well, thank god for that. I like a little garlic  
20 occasionally, among other things.

21 But with that, if you take recycled  
22 water from the agricultural waste and treat it  
23 separately from human waste, that water is  
24 perfectly acceptable for these power plants. As  
25 long as you segregate off the human waste and the

1 hazards of airborne bacteria, viruses, preons and  
2 other pathogens, it becomes safe to use.

3 The agricultural. How come? Because it  
4 is not human-based, and it basically cannot  
5 transmit beyond various species. The incidence of  
6 scabbing among the sheep that graze, we don't have  
7 any shepherders in cow country. You'll find out.  
8 But in any case, this is a safe thing.

9 With these peaker plants they are gas  
10 turbines. The one hazard that is emitted from  
11 them that is uncontrolled at this present time is  
12 the PM2.5 particles, which is the majority of  
13 their emissions.

14 These are small little particles that  
15 can lodge in people's lungs. You can't hack these  
16 out. Larger particles like smoke, you can cough  
17 up and get rid of the particles. But these lodge  
18 in your lungs.

19 There is an obvious solution called  
20 electrostatic precipitators. Well, you find these  
21 on coal fired plants and believe me, they bring a  
22 lot of stuff out of the air.

23 Why should they be economically required  
24 here? It is a small price to pay to keep cancer  
25 clusters from occurring from around these power

1 plants. Admittedly, the amount of particulate  
2 matter will be very small, but considering the  
3 large number of people that it will protect from  
4 the cancer causing particles, it is a very  
5 worthwhile investment. It is a small impediment.

6 Also these plants should be looked at on  
7 positioning them where they can be left here for a  
8 longer time, and be made into cogeneration plants.  
9 I hope the layout is such where it will allow  
10 this.

11 The fact that in a noise pattern they're  
12 basically in the shadow of the buildings of Gilroy  
13 Foods will help. We worry about those land values  
14 that might be to the south and the west that may  
15 be impacted, for instance where residential  
16 development might not occur in the shadow of these  
17 plants, but that's part of Gilroy's general plan.  
18 And any development rights will have to be  
19 developed with later.

20 But those are the main issues. As far  
21 as I see it, this plant, other than, for instance,  
22 ammonia plants coming on and off of highway 152.  
23 Does the side road, the gravel road, can it be  
24 paved going back to the power plant site, so you  
25 don't have to use the main entrance of Gilroy

1 Foods and going over the speed humps through the  
2 sub-gates getting to the back.

3 If you can get a traffic control on the  
4 highway, because you have kind of a blind curve  
5 that the ammonia trucks are turning off of, and  
6 back onto, that's going to be a problem.

7 Just last evening in San Jose, for  
8 instance, they had an ammonia incident down at  
9 13th Street and 101. You may take that note for  
10 your record. And that's the path that some of the  
11 ammonia trucks do take delivering ammonia down  
12 here.

13 So, you'll have it for your record.  
14 That's the end of my comments. Thank you.

15 PRESIDING MEMBER LAURIE: Thank you,  
16 sir. What about your written comment?

17 MR. GARBETT: I have these here.

18 PRESIDING MEMBER LAURIE: Anybody else  
19 desire to offer comment at this point?

20 Mr. Harris, I would like a statement  
21 from you or Calpine's representatives regarding  
22 your intent to bring power on line by what date?

23 MR. HARRIS: We have a construction  
24 company that has been hired actually about a month  
25 ago, and we are ready to start construction

1 immediately once we've worked through some of the  
2 process here.

3 And we have ordered all the equipment to  
4 be online by the September 30th date.

5 PRESIDING MEMBER LAURIE: Thank you,  
6 sir.

7 MR. HARRIS: Sure.

8 PRESIDING MEMBER LAURIE: Mr. Eller,  
9 what is the next step as far as the process of  
10 what should the public expect to see next?

11 MR. ELLER: The public should expect to  
12 see staff's analysis released on the internet at  
13 the website that I indicated earlier, either late  
14 Monday or Tuesday. No later than Tuesday.

15 PRESIDING MEMBER LAURIE: Okay, thank  
16 you. In response to Mr. Beams, I don't know if he  
17 is still here, and the other folks who live in the  
18 immediate vicinity, it is certainly acknowledged  
19 that we're dealing with a statewide issue, we're  
20 dealing with a regional issue, we're dealing with  
21 a local issue.

22 Neither I nor the Commission are about  
23 to ask any individual to sacrifice more than  
24 anybody else. And so I'm going to make a specific  
25 request of staff in their staff assessment to

1 identify nearby residences, and specifically  
2 identify potential impacts and potential  
3 mitigation measures as may be applicable to those  
4 particular residences.

5 And so I want it understood that it is  
6 true that we're responding to a statewide  
7 emergency, that doesn't mean that you have to pay  
8 the price, is that understood?

9 MR. HARRIS: Commissioner, can I comment  
10 on -- Mr. Harris --

11 PRESIDING MEMBER LAURIE: Yes.

12 MR. HARRIS: Can I comment on one --  
13 it's a great sound system -- on one --

14 PRESIDING MEMBER LAURIE: Is this your  
15 system?

16 MR. HARRIS: No, it's not. But I love  
17 it.

18 PRESIDING MEMBER LAURIE: It's great.  
19 Okay.

20 MR. HARRIS: Just one quick comment on  
21 the questions. There were a lot of concerns  
22 raised about air quality issues. And I just  
23 wanted to point out for folks who don't know, that  
24 there were no waivers of air quality requirements  
25 here.



## CERTIFICATE OF REPORTER

I, JAMES RAMOS, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Meeting; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, nor in any way interested in outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of May, 2001.

JAMES RAMOS

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